

FOREIGN EXCHANGE MARKET

News

- > Market will be closely watching the Georgia Senate run-off elections due today as a Democratic sweep could pave the way for bigger fiscal stimulus in the US, adding to the depreciation of the dollar against its major peers.
- > EUR/USD failed to keep gains above the 1.23 level amid a deterioration in the market's broader appetite for risk.
- > Bloomberg's latest quarterly review of the monetary policy states that major western central banks such as the Federal Reserve and ECB are likely to maintain ultra-easy monetary policy this year despite expectations for coronavirus-vaccine led global economic recovery.
- > The pound fell sharply after the UK Prime Minister Boris Johnson imposed a third national lockdown for England until mid-February to curb rising infections.
- > USD/JPY holds the lower ground, testing the 103-support area, amid broad-based US dollar weakness and a risk aversion wave.
- > AUD/USD ticks higher on positive coronavirus vaccine results and expectations for a Democrat-controlled US Senate and more significant fiscal stimulus.
- > USD/CAD made a decisive rebound after slumping to multi-year lows amid broad-based selling pressure surrounding the USD and rising crude oil prices.
- > The USD/MUR maintains the same levels as yesterday at the open, with most local corporates still closed for the festive period. Activity on the local market is expected to be subdued today.

Daily Technical View

EUR/USD - The EUR traded to a session high of 1.2309 against the USD on the first trading day of the year before retreating to 1.2240 on a sell-off in US equities as Japan, Italy, France and the UK announced new restrictive measures to contain fresh Covid-19 outbreaks. The Georgia senate run-off elections today will be closely monitored by the markets as it will determine which party will control the US Senate. Intra-day a breach of key resistance at 1.2310 will open upside targets at 1.2375/1.2430 levels while on the downside 1.2120 needs to hold to keep the bullish momentum in the pair.

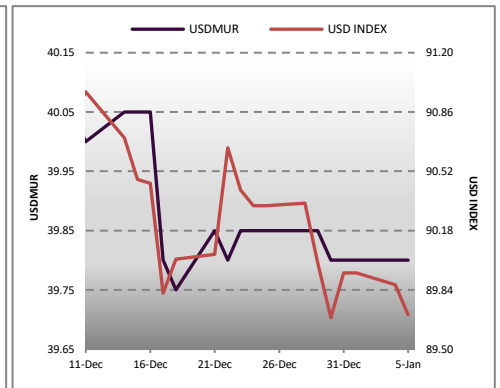
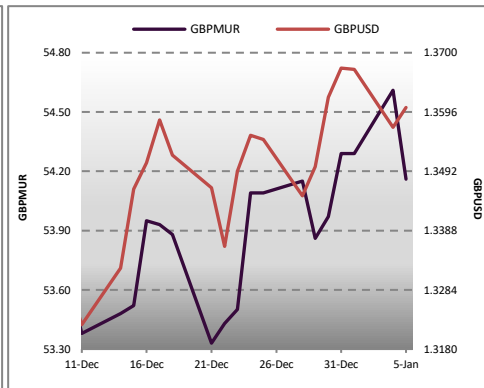
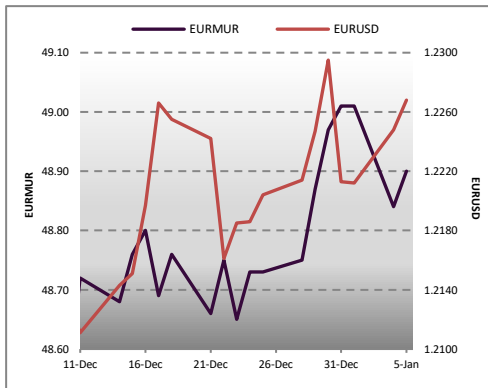
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	29.77	(0.09)	30.96	(0.09)
CNYMUR	6.03	0.01	6.34	0.01
EURMUR	47.48	0.06	48.90	0.06
JPYMUR	37.38	(0.02)	38.88	(0.02)
ZARMUR	2.61	(0.01)	2.78	(0.01)
USDMUR	38.90	-	39.80	-
GBPMUR	52.58	(0.44)	54.16	(0.45)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	29.76	29.75	29.71	30.98	31.03	31.10
EURMUR	47.47	47.44	47.39	48.95	49.05	49.21
ZARMUR	2.59	2.56	2.51	2.78	2.77	2.77
USDMUR	38.88	38.83	38.74	39.82	39.86	39.93
GBPMUR	52.57	52.54	52.48	54.19	54.25	54.35



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7665	0.7717	0.7662	0.7715
EURUSD	1.2245	1.2277	1.2247	1.2272
GBPUSD	1.3570	1.3612	1.3563	1.3608
USDJPY	103.12	103.18	102.90	102.95
USDCHF	0.8814	0.8819	0.8799	0.8806
USDCNH	6.45	6.46	6.41	6.44

Major Indices

	Value at Close	Day Change %
DOW JONES	30,606.48	(1.25)
S&P 500	3,700.65	(1.48)
FTSE 100	6,571.88	1.72
DAX	13,726.74	0.06
CAC 40	5,588.96	0.68
NIKKEI 225	27,150.80	(0.39)
HANGSENG	27,615.25	0.52

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
5-Jan	07 00	DE	Retail Sales (YoY)	Nov	-	3.9%	8.2%
5-Jan	15 00	US	ISM Manufacturing PMI	Dec	-	56.5	57.5
6-Jan	13 00	DE	Harmonized Index of Consumer Prices	Dec	-	-0.6%	-0.7%
6-Jan	19 00	US	FOMC Minutes	-	-	-	-

This commentary is for information only, and the comments and forecasts are intended to be of a general nature, and are current at the date of issue. This document is not intended as an offer, solicitation, or recommendation to buy or sell financial instruments or for any individual investment.

Source: MCB Treasury, Reuters, Bloomberg, Bank of Mauritius

FIXED INCOME

News

- > US Treasury yields came off their highs yesterday, as global equity markets finished on the backfoot to start trade in 2021.
- > Bond prices recovered as swooning global stock markets bolstered demand for safe-haven assets. Investors cited some of the worries around elevated COVID-19 case counts and lockdowns in London for the depressed market sentiment.
- > Investors were also eyeing the Georgia Senate runoff elections. Analysts are penciling in a Republican victory for at least one of the two Senate seats, an outcome that would maintain Republican control over the upper chamber of Congress.
- > The 10-year US Treasury note yield retreated to 0.915 percent, while the 2-year note yield edged 0.4 basis point down to 0.117 percent. However, the 30-year bond yield added 1.3 basis points to trade at 1.655 percent.
- > Over the last week, the Bank of Mauritius received applications for the 182-day Government of Mauritius Treasury Certificates for a total amount of MUR 266.85 Mio at an interest rate of 0.52 percent.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.30	0.15
2M	0.30	0.15
3M	0.30	0.15
4M	0.32	0.17
6M	0.35	0.20
8M	0.38	0.23
10M	0.42	0.27
1Y	0.45	0.30

[Click here to access our Mauritian Bond Market page](#)

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	1.00	0.80
3 year	1.30	1.10
4 Year	1.35	1.15
5 Year	1.55	1.30
10 Year	2.35	2.10
15 year	2.80	2.55
20 Year	3.10	2.85

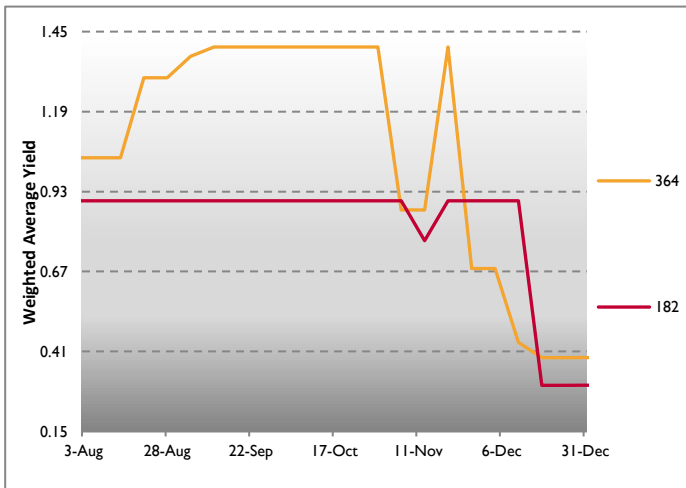
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	1.85	1.85
Fed Funds Rate	0.00 - 0.25	0.00 - 0.25
BoE Bank Rate	0.10	0.10
ECB Ref. Rate	0.00	0.00
RBA Cash Rate	0.25	0.25

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	0.1171	0.356
UK Bonds	-0.138	-0.092
German Bonds	-0.729	-0.763

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.567	-0.586	-0.566	-0.533
USD	0.096	0.144	0.238	0.258
GBP	0.025	0.019	0.026	0.030
EURIBOR	-0.578	-0.554	-0.545	-0.526

* LIBOR rates delayed by 48 hours. Source: ICE

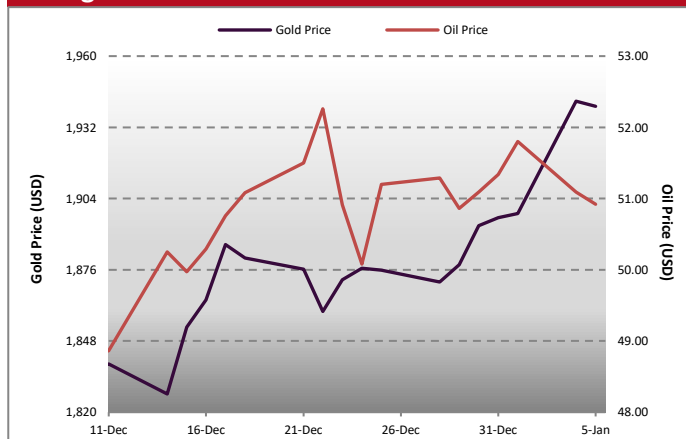
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.562	-0.507	-0.438	-0.306
USD LIBOR - 3m	0.202	0.432	0.661	0.930

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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Source: MCB Treasury, Reuters, Bloomberg, Bank of Mauritius

News

- > The OPEC+ talks stalled on Monday after the group failed to reach a consensus on the best path forward for oil production. The OPEC and non-OPEC's Ministerial meeting will resume today, giving the group more time to discuss about February's oil production.
- > Gold traded near a two-month high as a surge in global coronavirus cases and curbs, lower US yields, a weaker dollar and slumping equities stoked demand for the safe haven metal.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	50.28	(0.59)
Gold (\$)	1,940.94	(1.34)